

The Record

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Crestron finds a strategy to succeed in hard times

Rockleigh electronics firm adding workers

By **HUGH R. MORLEY**
STAFF WRITER

Even as the rest of New Jersey's economy stagnates, Rockleigh-based Crestron Electronics Inc. is hiring.

The manufacturer and supplier of electronic systems that control building functions like air conditioning and heat, music, video, lights and sound had hired 122 people by August, increasing the companywide head count about 4 percent, to 2,500.

Last year, the company added 158 workers. And even in the darkest days of the recession, it made no layoffs, preferring instead to hold on to good employees in preparation for the future recovery, company officials say.

So how does a business keep taking on new employees, many of them in well-paid engineering, sales and marketing jobs, as other businesses hold back, reluctant to increase their total in an economy struggling to add jobs and with state unemployment at 9.4 percent?

Company executives say its secret is a mixture of innovation, a commitment to making quality products, diversification across different markets and a smart eye for where demand may move up in a down economy.

"Certain parts of our business have gone down, certain parts have gone up," said Randy Klein, executive vice president and chief operating officer. "That's why, as an overall company, we have gone up. Because we are highly diversified and very broad."

The company's business supplying control systems to homes has taken a hit, deeply affected by the prolonged housing slump and a shortfall in new construction and renovation, he said. But demand in other sectors, like high-end spending among wealthier

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LESLIE BARBARO/STAFF PHOTOGRAPHER

Maria Sanchez assembling remote controls at Crestron. The 40-year-old company, which makes controls for air conditioning, security and other building systems, is the top player in its sector.

What Crestron makes

Crestron Electronics Inc. supplies and makes technology that helps control all aspects of a building, from air conditioning and heating to sound, video, security and lighting. Company products are installed by third-party contractors, so Crestron offices around the world are equipped to educate local installers on how to use the products.

Here are some company products:

- A wall-fitting into which you can slip your iPod and the music is piped around the house
- An iPad application that allows the user to control the environment of a building through the Internet
- Video conference systems
- Home movie theater equipment
- Easy-to-use wall-mounted keypads designed for use in K-12 classrooms that control projector, flat-screen display, motorized screen or other devices
- Full electronics system to control the sound, projector, audio-visual and lighting system for a 233-seat auditorium at Englewood Hospital and Medical Center, including a card-swipe switch to log in and "thermal imaging counters" that determine the number of people present
- An in-class audio system called FreeSpeech with a small clip-on microphone that amplifies the voice of the instructor, but also allows the instructor to roam freely around the classroom.

Source: Crestron Electronics Inc.

Crestron: A solid strategy

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consumers, has fared well, he said. Luxury transportation like yachts is a growing part of the business.

Klein said that 2009 was the only year in his 21 years with the company that sales didn't increase. Crestron resumed growing again, and is opening its first New York City showroom at the end of September. It is planning one for Beverly Hills at the turn of the year and another in Fort Lauderdale, Fla., soon after.

Crestron saw the economic slowdown as an opportunity to re-tool, improve operational areas that had weakened over time and find new employees, Klein said.

"It was a terrific time, an opportunity time, to get good people," he said. "There are a lot of good people looking for jobs."

In business 40 years

The company was founded more than 40 years ago by George Feldstein, the son of Eastern European immigrants who lived on New York's Lower East Side, who is still Crestron's chief executive.

He started inventing things at school, becoming an electronic engineer before starting Crestron above a deli in Cresskill. The company took its current direction about 25 years ago, when Feldstein created a wireless remote for

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DAVE SILBERSTEIN, DIRECTOR OF CHANNEL DEVELOPMENT

commercial audio-visual systems.

Today, the company has 1,500 New Jersey employees, and clients include schools, houses of worship, hospitals, government offices, homes and businesses. It estimates that its products are in most Fortune 500 companies, including Microsoft's headquarters and Adobe and McAfee offices as well as the White House and the Pentagon.

Always based in New Jersey, Crestron has in recent years steadily expanded in a section of Rockleigh once mainly occupied by Volvo. It now has four buildings there and is planning a fifth that will take up about 70,000 square



LESLIE BARBARO/STAFF PHOTOGRAPHER

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feet. Crestron has a current total of 312,000 square feet in Rockleigh.

The campus now includes the headquarters and research labs, including nine employees charged solely with analyzing newly released technology like the Amazon Kindle Fire to see how it might fit with Crestron products.

Mostly in N.J.

The company continues to do most of its manufacturing in New Jersey and has a production facility in Cresskill with 162 employees and a distribution warehouse in Carlstadt with 34 workers.

Jason Knott, editor in chief of CE Pro, a trade magazine based in Framingham, Mass., for professional control installers, said Crestron is "clearly" the leader of the electronic-control sector and has been so for "quite a long time." That's in large part because of the company's steady stream of innovative products, he said.

"They have always been a very engineering-driven company," Knott said.

Moreover, he said, the company has benefited from the fortunes of the sector as a whole, which declined during the recession but not as much as the general economy. And it has since shown resilience for several reasons, he added.

"It's being driven by people wanting to reduce their energy use at home" and realizing that a control panel will help, Knott said.

Boost from downturn

In addition, he said, interest has been stoked by the rise of iPads and smart phones, as software can be installed to control home electronics systems.

"I don't want to say we are recession proof, but our industry fares well as a result of the recession," said Dave Silberstein, director of channel development.

Faced with a need to reduce spending, many companies cut travel early on, which lifts demand for video-conferencing equipment, parts of which Crestron makes, he said.

Demand has also held up at universities and colleges, which believe that technology helps attract new students an especially important factor in hard times when parents scrutinize more closely the facilities they are spending their money on, Silberstein said.

Crestron also figured out early on that the stimulus package in 2009 would stoke demand for infrastructure, especially at educational institutions, he said. So the company developed relatively low-priced audio-visual and other products that would help schools and colleges, he said.

Crestron has also greatly benefited from its early recognition — about nine years ago — of the importance of the then-upcoming shift from analog to digital electronic equipment, Silberstein said.

"We spent six years and developed a whole series of products," to help technology users make the shift, he said, adding that has helped the company in the past three years.

"We are a growing electronics company in North Jersey," he said. "We are making stuff here, and growing here, because that's where we want to be."

E-mail: morley@northjersey.com